



House Bill No. 6863

Public Act No. 05-29

***AN ACT MAKING MINOR AND TECHNICAL CHANGES TO THE
INSURANCE STATUTES.***

Be it enacted by the Senate and House of Representatives in General Assembly convened:

Section 1. Subsection (d) of section 38a-478n of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2005*):

(d) (1) Not later than five business days after receiving a written request from the commissioner, enrollee or any provider acting on behalf of an enrollee with the enrollee's consent, a managed care organization whose enrollee is the subject of an appeal shall provide to the commissioner, enrollee or any provider acting on behalf of an enrollee with the enrollee's consent, written verification of whether the enrollee's managed care plan is fully insured, self-funded, or otherwise funded. If the plan is a fully insured plan or a self-insured governmental plan, the managed care organization shall send: (A) Written certification to the commissioner or reviewing entity, as determined by the commissioner, that the benefit or service subject to the appeal is a covered benefit or service; (B) a copy of the entire policy or contract between the enrollee and the managed care organization, except that with respect to a self-insured governmental plan, (i) the managed care organization shall notify the plan sponsor, and (ii) the

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plan sponsor shall send, or require the managed care organization to send, such copy; or (C) written certification that the policy or contract is accessible to the review entity electronically and clear and simple instructions on how to electronically access the policy or contract.

(2) Failure of the managed care organization to provide information or notify the plan sponsor in accordance with subdivision (1) of this subsection within said five-business-day period or before the expiration of the thirty-day period for appeals set forth in subdivision (1) of subsection (b) of this section, whichever is later as determined by the commissioner, shall (A) create a presumption on the review entity, solely for purposes of accepting an appeal and conducting the review pursuant to subdivision (4) of subsection (b) of this section, that the benefit or service is a covered benefit under the applicable policy or contract, except that such presumption shall not be construed as creating or authorizing benefits or services in excess of those that are provided for in the enrollee's policy or contract, and (B) entitle the commissioner to require the managed care organization from whom the enrollee is appealing a medical necessity determination to reimburse the department for the expenses related to the appeal, including, but not limited to, expenses incurred by the review entity.

Sec. 2. Subsection (a) of section 38a-769 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2005*):

(a) Any person, partnership, association or corporation [, resident, or with] that is resident in this state or has its principal place of business in this state, or a nonresident of this state who is not licensed in any other state, desiring to act within this state as a public adjuster, casualty adjuster, motor vehicle physical damage appraiser, certified insurance consultant, surplus lines broker or desiring to engage in any insurance-related occupation for which a license is deemed necessary by the commissioner, other than an occupation as an insurance

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producer, shall make a written application to the commissioner for a resident license. Any other person, partnership, association or corporation desiring to so act or to engage in any insurance-related occupation for which a license is deemed necessary by the commissioner, other than an occupation as an insurance producer, shall make a written application to the commissioner for a nonresident license. No application for a nonresident license shall be granted unless the applicant holds an equivalent license from any other state. Any application for a resident or nonresident license shall be made for each name or designation under which such business shall be conducted, in such form as the commissioner prescribes, stating the line or lines of insurance for which the applicant desires such license and any other business which the applicant desires also to transact. All initial applications shall be accompanied by a nonrefundable filing fee specified in section 38a-11. The commissioner shall cause to be made such inquiry and examination as to the qualifications of each such applicant as the commissioner deems necessary.

Sec. 3. Subsection (c) of section 38a-53 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2005*):

(c) In addition to such annual report and the quarterly report required under subsection (b) of this section, the commissioner, whenever [he] the commissioner determines that more frequent reports are required because of certain factors or trends affecting companies writing a particular class or classes of business or because of changes in the company's management or financial or operating condition, may require any insurance company or health care center doing business in this state to file financial statements on other than an annual or quarterly basis.

Sec. 4. Subdivision (2) of subsection (b) of section 38a-55 of the general statutes is repealed and the following is substituted in lieu

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thereof (*Effective October 1, 2005*):

(2) Nothing in this subsection shall be construed as prohibiting a domestic insurer, health care center or fraternal benefit society from pledging, hypothecating or encumbering any assets in connection with: (A) Transactions in the ordinary course of business, including, but not limited to: (i) Complying with any statutory requirement, (ii) reinsurance transactions otherwise in compliance with applicable statutory requirements, or (iii) investments or investment practices otherwise in compliance with applicable statutory requirements, including, but not limited to, securities lending, repurchase transactions, reverse repurchase transactions, swap, futures and options transactions, and any other transactions which are not prohibited by the investment law and regulations of this state; (B) transactions subject to the provisions of sections 38a-129 to 38a-140, inclusive; or (C) any other transaction deemed excluded by the Insurance Commissioner. Assets pledged, hypothecated or encumbered pursuant to subparagraph (A), (B) or (C) of this [subsection,] subdivision shall not be charged against the limits set forth in subdivision (1) of this subsection.

Sec. 5. Subsection (c) of section 38a-60 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2005*):

(c) If such emergency plan is adopted, it may provide that it will become operative automatically during any such national emergency and, notwithstanding any contrary provision of the law or the charter or bylaws of the company, may contain any provisions reasonably necessary for the operation of the company during any such national emergency. Such provisions need not be consistent with the comparable provisions stated in subsection (b) [above] of this section. Such provisions may provide, among other things, for (1) the

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designation of persons who may call a meeting of the board of directors; (2) the quorum and notice requirements for, and location of, any such meeting; (3) the filling of vacancies on the board of directors; (4) a succession list of persons by name or title who will succeed to positions of higher rank; (5) the establishment of the principal office of the company at a new location in or out of the state.

Sec. 6. Subsection (b) of section 38a-92d of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2005*):

(b) Except as otherwise permitted by the commissioner, no deduction shall be made for anticipated salvage in computing case basis loss reserves, unless that salvage is held by or under the control of the financial guaranty insurance corporation and would qualify as an admitted asset under this title or unless that salvage constitutes or is secured by a letter of credit which is approved by the commissioner or complies with the criteria set forth in [subsection] subdivision (4) of section 38a-92a.

Sec. 7. Subsection (b) of section 38a-298 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2005*):

(b) For purposes of subdivisions (2), (3) and (4) of subsection (a) of this section, the following procedures shall be used:

(1) A contraction, hyphenated word or numerals and letters, when separated by spaces, shall be counted as one word;

(2) A unit of words ending with a period, semicolon or colon, excluding headings and captions, shall be counted as a sentence;

(3) A syllable is a unit of spoken language consisting of one or more letters of a word as divided by an accepted dictionary;

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(4) Where the dictionary shows two or more equally acceptable pronunciations of a word, the pronunciation containing fewer syllables shall be used;

(5) Numerals when separated by spaces may be counted as one syllable.

Sec. 8. Subsection (b) of section 38a-615 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2005*):

(b) In addition to such annual report and the quarterly report required under subsection (a) of this section, the commissioner, whenever [he] the commissioner determines that more frequent reports are required because of certain factors or trends affecting companies writing a particular class or classes of business or because of changes in the company's management or financial or operating condition, may require any fraternal benefit society licensed under sections 38a-595 to 38a-626, inclusive, 38a-631 to 38a-640, inclusive, and 38a-800 to file financial statements on other than an annual or quarterly basis.

Approved May 9, 2005